

**BERKS COUNTY CONVENTION CENTER AUTHORITY
MINUTES OF THE REGULAR MEETING OF
THURSDAY, DECEMBER 16, 2010**

The regular meeting of the Board of Directors (the "Board") of the Berks County Convention Center Authority (the "Authority") was called to order at 7:00 a.m. in the SMG Board Room, the Sovereign Center, 700 Penn Street, Reading, Pennsylvania.

The following members were present:

Mr. P. Michael Ehlerman
Mr. Michael Fiucci
Mr. John Ernesto
Mr. Carl Herbein
Mr. Burlee Adams
Mr. Albert Boscov

Mr. Brian D'Amico was absent.

The meeting was chaired by Mr. P. Michael Ehlerman.

Also present:

Mr. Zane Collings, SMG
Matthew Mayer, Esquire, Leisawitz Heller Abramowitch Phillips, P.C.
Ms. Hope Parkin, SMG
Mr. Vaughn Spencer, Council President, City of Reading
Mr. Donald Spatz, Reading Eagle

The Chairman declared that a quorum was present and proceeded with the meeting.

There were no comments from the public.

Upon a motion duly made and seconded, the minutes of the regular meeting of the Board of October 21, 2010 were unanimously approved.

TREASURER'S REPORT

Mr. Herbein distributed and reviewed the two-month treasury report for the financials of October and November 2010 and reviewed the opening and closing balances as well as the statements of account of the Authority. Mr. Herbein pointed out a decrease in the cash account of the Authority as a result of two transfers to SMG: one transfer of approximately \$200,000 for reimbursement of costs previously paid by SMG and one advance of approximately \$100,000 to SMG to assist with operating expenses through the calendar year end.

Mr. Herbein commented that the hotel tax receipts for October and November had increased slightly over the 2009 figures. Mr. Ehlerman pointed out the Ramada Inn continues to

be delinquent in paying its hotel taxes, which are currently at least three (3) months overdue. On a negative side, the combined operating losses for the Convention Center and SPAC are estimated to be approximately \$346,000 through the end of the fiscal year. Mr. Herbein and Mr. Ehlerman reiterated that SMG has worked to reduce its expenses as much as possible and that Mr. Zane Collings would speak in greater detail concerning the losses in his report to the Board.

Upon a motion duly made and seconded, it was unanimously moved to approve all the bills paid within the period and to pay all bills listed that had been unpaid during this period as well. Further, upon a motion duly made and seconded, the Treasurer's Report was approved.

SOLICITOR'S REPORT

Mr. Mayer stated that there was no significant legal activity since the last meeting.

MANAGEMENT REPORT

Mr. Collings began his report by presenting and reviewing the Convention Center and SPAC Capital Improvement Plan and Budget. In good news, due to certain cost savings received by SMG, upon completion of the projected capital expenditures, the actual costs were \$36,000 less than projected. However, in bad news, Mr. Collings reported that there is an emergency need for a new walk-in refrigerator at SPAC at a cost of \$22,000. Upon a motion duly made and seconded, it was unanimously moved to approve the purchase of a new walk-in refrigerator for SPAC.

Mr. Collings proceeded to explain the various operating losses sustained by the Convention Center and SPAC. He stated that the major problem facing both venues is decreased event traffic, and in particular, concert bookings. For example, only 3 concerts were booked for Fall 2010 as opposed to 8 that were projected and 1 of the 3 concerts was cancelled due to poor ticket sales. Similarly, only 4 concerts are currently booked for Spring 2010 as opposed to 8 that were projected. Mr. Collings stated that other events also saw a decrease in ticket sales which contributed to the operating losses: the Cirque de Soleil show had a 25% decrease in attendance and the Disney Live show had a 35% decrease in attendance compared to 2009 attendance. Mr. Collings reported that attendance at the Reading Royals games has increased by 2,000 over the 2009 attendance figures; however, ticket sales have not increased so the increase is due to more season ticket holders attending games. On a positive note, while there have been less major suites and advertising sales, a larger number of smaller suites and advertising sales have kept sales on budget.

Mr. Collings reported that SMG has made numerous cuts over the past few months and cannot make further cuts without services in the Convention Center and SPAC being affected. SMG has rebid its health insurance in hopes of realizing a cost savings and continues to monitor its budget on a monthly basis. Mr. Collings reported that SMG has decreased its full-time personnel by 35%.

Mr. Collings concluded his report by providing the Schedule of Events for the upcoming calendar year. He reported that events at SPAC are increasing; however, events in the

Convention Center have not yet rebounded, especially concerts which generate the lion's share of SMG's revenue.

NEW BUSINESS

The Chairman discussed the issue of creating consolidated financial reports (including both SMG figures and non-SMG figures) as this was raised during the Authority's recent audit. After discussion the Board decided that the financial reports as currently produced provided sufficient information of both SMG and non-SMG operations and therefore concluded there was no need or advantage to creating consolidated reports.

The Chairman circulated the Authority's 2011 meeting schedule, a copy of which is attached hereto, to the Board. Upon a motion duly made and seconded, it was unanimously moved to approve the 2011 meeting schedule and to authorize the 2011 meeting schedule to be advertised.

There being no further business before the Board at the public session, the Chairman announced that the next regular meeting of the Board would be held at the Sovereign Center at 7:00 a.m., Thursday, February 17, 2011. The Chairman also distributed the 2011 Meeting Schedule for the Board. At 8:00 a.m., upon a motion duly made and seconded, the Board unanimously resolved to adjourn.